

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

EXPERIMENTAL RATE AND SERVICE CHANGES
TO IMPLEMENT NEGOTIATED SERVICE AGREEMENT
WITH CAPITAL ONE SERVICES, INC.

Docket No. MC2002-2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CRUM
TO INTERROGATORY OF NEWSPAPER ASSOCIATION OF AMERICA,
REDIRECTED FROM WITNESS BIZZOTTO
(NAA/USPS-T1-2 a, b, and c)

The United States Postal Service hereby provides its responses to the following interrogatory of Newspaper Association of America: NAA/USPS-T1-2 a, b, and c, filed on October 17, 2002. The interrogatory is redirected from witness Bizzotto.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3089 Fax -5402
October 28, 2002

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TO INTERROGATORY OF NEWSPAPER ASSOCIATION OF AMERICA
REDIRECTED FROM WITNESS BIZZOTTO

NAA/USPS-TI-2: Please refer to Page 5, lines 19-21 of your testimony, where you state: "nonparticipating customers will see a reduction in their institutional cost burden as the total net contribution from Capital One increases."

a. Please confirm that witness Crum estimates that the total net contribution from this NSA is approximately \$8.2 million.

b. Please confirm that, according to the Commission's Opinion and Recommended Decision in Docket No. R2001-1, the total institutional costs to be recovered from all mail was more than \$28.041 billion.

c. Please confirm that \$8.2 million is approximately 0.029 percent of \$28.041 billion.

RESPONSE:

- a. Using the bottom estimate from Capital One's volume response to discount range produces the net new contribution figure of approximately \$8.2 million in the test year.
- b. Confirmed. However, I understand that Appendix G, Schedule 1 of the Commission's Opinion and Recommended Decision in Docket No. R2001-1 shows a TYAR institutional cost of \$28.742 billion.
- c. Confirmed, but \$8.2 million is also 2.45 percent of Capital One's Presorted First-Class Mail revenue of \$335 million as shown in Attachment A, page 1 of my testimony. \$8.2 million is an even higher proportion of Capital One's net contribution.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Nan K. McKenzie

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